

1	2	3	4
Delhi	235	4823	31301
Goa	49	1068	7630
Pondicherry	52	317	5318
Daman & Diu	70	1356	5421
Total	9893	220064	1998130

Misuse of Export Promotion Scheme

1656. SHRI NAMDEO DIWATHE : Will the Minister of COMMERCE be pleased to state:

(a) whether attention of the Government has been drawn to the news-item captioned "DGFT to clamp down on misuse of export promotion scheme – Advance licensing – EPCG schemes to be monitored" appearing in the "Economic Times" dated July 10, 1997;

(b) if so, the reaction of the Government to the observations made therein and the facts of the matter;

(c) whether the Government have received complaints of large-scale misuse of provisions of the scheme;

(d) if so, the details of major cases of misuses detected during the last three years; and

(e) the action taken by the Government there-on ?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH) : (a) Yes, Sir.

(b) The news report briefly outlines the action plan of the Directorate General of Foreign Trade:-

(i) for a strict monitoring of export obligation in respect of cases under the Advance Licensing (QABAL and VABAL) and Export Promotion Capital Goods (EPCG) Schemes. In terms of these schemes, duty free import of inputs/capital goods etc. have been allowed against prescribed export obligation which were to be fulfilled within specified periods of time; and

(ii) for strengthening the enforcement wing of the Directorate General of Foreign Trade so that appropriate penal action is taken against exporters who have defaulted in fulfilment of export obligation.

(c) The Government has come across a fairly large number of cases under the Advance Licensing Scheme where the exporters have not fulfilled their export obligation within the permitted period of time allowed by the DGFT for this purpose. However, under the EPCG scheme, the number of cases of non-fulfilment of export obligation is very small.

(d) Major cases of misuse detected during the last three years relate to:

(i) Non-fulfilment of export obligation and unauthorised disposal of imported goods;

(ii) Cases detected in the plastic sector and on import of Brass Scrap, where misdeclaration and suppression of facts in the applications for licences were found;

(iii) Misdeclaration regarding availment of MOD-VAT at the time of seeking transferability;

(iv) Over-invoicing of exports, specially of polyester fabrics.

(e) Appropriate action have been taken as under :

(i) In cases of bonafide default in fulfilment of export obligation, defaulters were given opportunity to regularise the default by payment of Customs duty, interest and surrender of Special Import Licences;

(ii) In cases of unauthorised disposal of imported material, penal action was initiated to cancel the licences or to impose fiscal penalties.

(iii) To scale down the value of licences in case of misdeclaration of c.i.f. prices of inputs in the application;

(iv) Guidelines have been issued to deal with bonafide cases where MODVAT had been wrongfully availed and subsequently reversed;

(v) "Sensitive List" was expanded by bringing Brass Scrap and selected plastic inputs within its ambit;

(vi) where the facts of the cases so warranted, cases were handed over to specialised agencies, such as, the Enforcement Directorate and C.B.I. etc. for further investigations.

[Translation]

Financial Crimes

1657. SHRI JAYSINH CHAUHAN :

SHRI B.L. SHANKER :

SHRI T. GOPAL KRISHNA :

SHRIMATI BHAVNA BEN DEVRAJ BHAI CHIKHALIA :

SHRIMATI PURNIMA VERMA :

SHRI P. SHANMUGAM :

SHRI KRISHAN LAL SHARMA :

Will the Minister of FINANCE be pleased to state:

(a) whether the attention of the Government has been drawn to the news item captioned "Panel will devise strategy to combat financial crimes" appeared in the "Times of India" dated July 7, 1997;

(b) If so, the details thereof;